

1.0

AT RISK AFFORDABLE HOUSING

State law requires that the City identify, analyze, and propose programs to preserve existing multifamily rental units that are eligible to convert to non-low-income housing uses due to termination of subsidy contract, mortgage prepayment, or expiring use restrictions during the next ten years. Consistent with State law, this section identifies publicly assisted housing units in Chula Vista, analyzes their potential to convert to market rate housing uses, and analyzes the cost to preserve or replace those units.



1.1 Publicly Assisted Housing

The City maintains programs to provide quality housing affordable to different income groups for a healthy and sustainable community. Local affordable housing funds have been used to assist in providing affordable housing. Table D-1 lists those projects in Chula Vista that are required to be evaluated in the Housing Element. The Development Services Department Housing Division staff monitors tenant and landlord compliance with affordability requirements that stem from the City of Chula Vista's (City) Balanced Communities ("Inclusionary Housing") Policy, Affordable Housing Density Bonus program, and financial support, including bond financing, from the Chula Vista Housing Authority.

Two projects are eligible to convert to market-rate units due to expiring affordability restrictions within 10 years and are considered to be "at risk." Park Village Apartments for families and Rolling Hills Garden apartments for seniors will be expiring within the next ten years. At-risk units were developed under a State of California Housing and Community Development Family

DRAFT HOUSING ELEMENT 2021-2029

APPENDIX D

Demonstration Program, with financial assistance from the City's former Redevelopment Agency, and another under the City's Balanced Communities Policy.

Table D-1
Summary of Affordable Housing Developments

Development Name	Type	Affordability Expiration Date	Funding Source	Restricted Units
Park Village Apts	Family	6/4/2021	LIHTC/RDA/HCD Family Demonstration Program	28
Rolling Hills Ranch Garden Apts	Senior 55+	3/22/2022	Inclusionary	104
Tavera	Family	3/11/2033	Inclusionary	10
Village of Escaya Residences	Family	9/25/2039	Inclusionary	30
Kingswood Manor	Family	9/12/2049	Density Bonus	10
Casa Nueva Vida II	Special Needs	11/14/2049	HOME and LOW MOD	12
Villa Serena Apts	Senior 55+	5/1/2051	LIHTC/Bond	131
Trolley Trestle	Special Needs	12/7/2054	HOME/RDA	17
Sunrose Apts	Family	12/1/2056	LIHTC/Bond	89
Harvest Ridge Apts	Senior 55+	12/1/2056	LIHTC/Bond	179
Brisa del Mar	Family	5/12/2058	LIHTC/Bond/RDA/HOME/Joe Serna	105
Rancho Buena Vista	Family	10/1/2058	LIHTC/BOND/Inclusionary	149
Teresina Apts	Family	4/1/2061	Bond	90
Oxford Terrace Apts.	Family	11/1/2062	LIHTC/Bond/Project Based Section 8 Vouchers	105
Seniors on Broadway	Senior 62+	1/15/2063	LIHTC/HOME	40
The Landings I	Family	10/1/2063	LIHTC/Bond/MHP/HOME/Inclusionary	91
Los Vecinos	Family	4/13/2064	LIHTC/RDA /Density Bonus	41
Colorado Apts	Special Needs	3/30/2065	NSP	2
Glover Apts	Special Needs	4/10/2065	NSP	4
Muncey Manor	Special Needs	7/28/2065	CDBG	7
Palomar Apts	Family	2/16/2066	LIHTC/Bond	0
The Landings II	Family	6/30/2066	LIHTC/Bond/HOME/RDA/Inclusionary	141
Congregational Tower	Senior 62+	3/13/2068	Bond/LIHTC	184
Garden Villas Apts	Senior 62+	6/1/2069	LIHTC/Bond	99
Lofts on Landis	Family	1/15/2071	HOME and NSP	31
Trolley Terrace Townhomes	Family	1/18/2074	LIHTC/Bond/HOME	17
Cordova Apts	Family	1/18/2074	LIHTC/Bond	39

Table D-1

Summary of Affordable Housing Developments

Development Name	Type	Affordability Expiration Date	Funding Source	Restricted Units
St. Regis Apartments	Family	6/27/2074	Bond/LIHTC/RDA	118
Duetta	Family	12/31/2087	LIHTC/BOND/Inclusionary/HOME/RDA	86
Volta	Senior 62+	12/31/2087	LIHTC/BOND/Inclusionary/RDA	121
Casa Nueva Vida I	Family	08/17/2023 ¹		13
Regency	Special Needs	11/10/2028 ¹	HOME	1
Concord	Special Needs	11/10/2028 ¹	HOME and LOW MOD	1
Dorothy Street Manor	Family	Perpetuity	Public Housing	0
Town Center Manor	Senior 62+	Perpetuity	Public Housing	0
L Street Manor	Family	Perpetuity	Public Housing	0
Melrose Manor	Family	Perpetuity	Public Housing	0

Source: City of Chula Vista DSD Housing Division (2019)



1.2 Resources for Preserving Affordable Units

Available public and non-profit organizations with funds available to preserve assisted housing developments include San Diego County, the City of Chula Vista and its Housing Authority, and various non-profit developers, including Wakeland Housing and Development, Community Housing Works, and Habitat for Humanity. Financial resources available include bond financing, as well as CDBG and HOME funds, and Balanced Community funds. These options depend on the availability of resources at the time the development is eligible to convert to market-rate.



¹ Agreements provides for the extension of the restrictive covenants in additional 5 year increments.

Lastly, the State of California Housing and Community Development Department regulates the process that owners of assisted housing developments must follow when units are at risk of converting to market-rate. In accordance with State Law, if an owner of an assisted housing development decides to terminate a subsidy contract, dispose of the assisted housing development, or if the rental restrictions will expire, the owner must first contact an entity that is qualified to preserve at-risk housing and provide a notice of an opportunity for that qualified entity to offer purchase of the property, in an effort to preserve affordability of the property. The State maintains a list of Qualified Entities who are interested in purchasing assisted multifamily housing projects. The current list of Qualified Entities, [HCD's current list of Qualified Entities, HPD 00-01](https://www.hcd.ca.gov/policy-research/preserving-existing-affordable-housing.shtml) (XLS) , is periodically updated. For more information related to preservation of multifamily affordable housing stock, please visit the HCD's website at <https://www.hcd.ca.gov/policy-research/preserving-existing-affordable-housing.shtml>.



1.3 Preservation Strategies

The appropriate preservation options depend largely on the type of project at risk and the type of financing used to make the units affordable. Options to preserve units could involve providing financial incentives to the project owners to extend low-income use restrictions, purchasing affordable housing units by a non-profit or public agency, or providing local subsidies to offset the difference between affordable and market rate.

Local Rental Subsidy

An option for preserving the 130 units at-risk during the planning period is to provide a local rental subsidy to residents. This method would be utilized to retain the affordability of the units via the provision of assistance to residents when their affordable units convert to market rate. State or local rent subsidies can be utilized to maintain the affordability of these units. Such subsidies can be in a form of a voucher or payment similar to the Section 8 program. To determine the need subsidy, Fair Market Rates were compared to “affordable rents”, as defined by California Health and Safety Code Section 50053. Table D-2 provides an estimate of the required subsidy by unit type.

Table D-2
ESTIMATED MONTHLY SUBSIDY TO PRESERVE "AT-RISK" UNITS

Unit Size	FMR	Affordable Rent ²	Difference	Number of Units	Monthly Subsidy	Annual Subsidy
Studio	\$1,404	\$973.00	\$431.00	0	\$0	\$0
1-Bdrm	\$1,566	\$1,112.00	\$454.00	96	\$43,584	\$523,008
2-Bdrms	\$2,037	\$1,251.00	\$786.00	27	\$21,222	\$254,664
3-Bdrms	\$2,894	\$1,390.00	\$1,504.00	9	\$13,536	\$162,432
TOTAL				132	\$78,342	\$940,104
55 year subsidy						\$51,705,720

Notes:

² Units are assumed as occupied by low income households with affordable rent calculated at 30% of income.

Source: HUD Income Limits and FMR (2020)

1.4 Replacement Cost Analysis

A general rule of thumb suggests that the cost of preserving existing units is more cost effective than replacing units through new construction. Replacement of these units with rehabilitated units may be cost effective in some instances.

Based upon information provided by the local development community, brokers and housing developers, replacement costs for multi-family units have been estimated. Construction cost estimates include all hard and soft cost associated with construction in addition to per unit land costs. The analysis assumes the replacement units are garden style apartments with parking provided on-site. Square footage has been estimated as the average unit size per the prevailing sales in the region. Land costs have been determined on a per unit basis. Table D-3 provides a summary of estimated replacement costs per unit.



Table D-3
REPLACEMENT COSTS BY UNIT TYPE

Unit Size	Cost per Square Foot (\$) ³	Avg Sq Ft/Unit	Replacement Cost per Unit ²	Number of Units	Total Replacement Cost
Studio	\$385	500	\$192,500	0	\$0
1-Bdrm	\$385	700	\$269,500	96	\$25,872,000
2-Bdrms	\$385	900	\$346,500	27	\$9,355,500
3-Bdrms	\$385	1,100	\$423,500	9	\$3,811,500
				132	\$39,039,000

Notes:

³ Cost Analysis based on average total development cost per unit for projects financed by the Chula Vista Housing Authority during 2019-2020.

Source: City of Chula Vista DSD Housing Division (2020)